

Testimony in Favor of Raised HB 6999
An Act Implementing the Recommendations of the Auditors of Public Accounts
State Auditors Robert M. Ward and John C. Geragosian

March 27, 2015

Senator Cassano, Representative Jutila, Senator McLachlan, Representative Smith and members of the Government Administration and Elections Committee. We would like to thank the committee for raising **HB 6999, An Act Implementing Certain Recommendations of the Auditors of Public Accounts**. We are strongly in favor of this legislation.

During the course of auditing state and quasi-public agencies, our auditors discover issues that merit the attention of the General Assembly. This bill implements several of the changes that were recommended in our annual report. That report can be accessed on our website (<http://www.cga.ct.gov/apaf/>).

We believe most of the language will serve to accurately implement our recommendations. However, there are sections that should be changed slightly to better reflect the intent of our report.

Section 1 of the bill allows our office to delay the public reporting provision of our office in CGS 2-90 (e) if the matter is still under investigation by a state agency.

CGS 4-33a requires all boards of trustees of state institutions, state department heads, boards, commissions, other state agencies responsible for state property and funds and quasi-public agencies, as defined in section 1-120, to "promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular or unsafe handling or expenditure of state or quasi-public agency funds or breakdowns in the safekeeping of any other resources of the state or quasi-public agencies or contemplated action to do the same within their knowledge."

Although the current statute requires prompt reporting of such matters, in practice, agencies often delay reporting all or part of a matter to us due to the pendency of an investigation. The new provision does not relieve the agency of its duty to promptly report the matter to us. It does allow us to delay reporting in order to not undermine that investigation.

We would ask for a change in the proposed language that would put a reasonable limit on the time to delay our public reporting. Therefore, we would ask that the new language in 2-90 (e) read:

except if the matter to be reported is still under investigation by a state agency, the Auditors of Public Accounts shall allow the agency a reasonable time to conduct the investigation prior to reporting the matter.

Section 11 deals with the executive branch contracting of auditing services through a personal service agreement. Since this issue is addressed in CGS sections 4-214, 4-215, and 4-216 we believe the goal of our recommendation can be best achieved with the following language change:

Sec. 4-215. Personal service agreements having cost of more than twenty thousand dollars but not more than fifty thousand dollars and term of not more than one year. Each personal service agreement executed on or after July 1, 1994, and having a cost of more than twenty thousand dollars but not more than fifty thousand dollars and a term of not more than one year shall be based on competitive negotiation or competitive quotations, unless the state agency purchasing the personal services determines that a sole source purchase is required and applies to the secretary for a waiver from such requirement and the secretary grants the waiver. Not later than March 1, 1994, the secretary shall adopt guidelines for determining the types of services that may qualify for such waivers. The qualifying services shall include, but not be limited to, (1) services for which the cost to the state of a competitive selection procedure would outweigh the benefits of such procedure, as documented by the state agency, (2) proprietary services, (3) services to be provided by a contractor mandated by the general statutes or a public or special act, and (4) emergency services, including services needed for the protection of life or health. The secretary shall immediately notify the Auditors of Public Accounts of any application which the secretary receives for approval of a sole source procurement of audit services and give the auditors the opportunity to review the application and advise the secretary as to whether such audit services are necessary and, if so, could be provided by said auditors.

In addition, the Department of Administrative Services presently has authority under Sections 4a-50 and 4a-51 of the General Statutes to procure contractual services on behalf of all executive branch agencies. Contracts for audit services have been issued under this authority and are not required to be presented to the Auditors of Public Accounts for review, increasing the risks the agencies could be requesting services unnecessarily. We would request that these contracts be submitted to our office for the same advice as to whether such audit services are necessary and, if so, could be provided by our office.

Section 12 adds Probate Court employees to the state's whistleblower statute. We support this change with the substitute language being offered by the Probate Court Administration.

Thank you again for raising this important legislation. As always, we are available to you to answer any questions you may have about this legislation or the work our office does.